

# **Use of Sick Leave and Converted Sick Leave for Employees Approved for Long-Term Disability**

**Business Practices**

**7/3/2001**

## **Review of Retirement Benefits**

In accordance with UCA 67-19-14, an employee retiring from the State shall receive the same health insurance benefits he carried at the time of retirement for five years or until the employee reaches the age eligible for Medicare, whichever comes first. Life insurance provided shall be the minimum authorized coverage provided for all State employees. After eligibility for this coverage ends, or if the employee is already eligible for Medicare at the time of retirement, the employee may use sick leave in excess of 480 hours and converted sick leave to purchase health insurance for the employee, spouse and covered dependents. The minimum authorized coverage of life insurance will continue while the employee is purchasing health insurance with leave balances. A retired employee may also use sick leave and converted sick leave to purchase a Medicare Supplement.

An employee approved for Long-Term Disability who retires directly from LTD, will have the same rights to the state-paid health/life insurance, the purchase of continuing health/life insurance, and the purchase of a Medicare Supplement as if he had actually worked during the years of disability. As with all retiring employees, these benefits are subject to eligibility requirements, such as the age of the employee and spouse upon retirement and the number of Sick Leave and Converted Sick Leave hours available to purchase the insurance.

## **Payout of Leave Balances**

When approved for LTD, the employee has the option to receive all annual leave, compensatory hours and excess hours in one full lump sum payment either at the time of LTD approval or upon termination from state employment, which usually occurs at the end of one year after the last day worked. The employee's disability check will not be adjusted as a result of this payout regardless of when the payout is received. If the employee returns to work prior to one year after the last day worked, the employee has the option of buying back any annual leave paid out at the time of LTD approval.

If the employee has Converted Sick Leave hours still remaining after the three-month LTD waiting period, the employee has three options: 1) Elect to receive payment of the balance upon LTD approval, 2) Elect to receive payment of the balance upon termination from state employment, 3) Elect to retain the balance until the employee retires and use it to purchase health/life insurance or Medicare Supplement, or 4) receive a payment of a portion of the balance and retain the remaining balance until retirement.

Sick leave balances may not be paid out at any time until the employee retires, at which time the employee may receive up to 25% of the balance.

## **Agency Procedures upon LTD Approval**

At the time the agency is notified of the employee's LTD approval, the employee is to complete the "Request for Payment of Leave Balances". This form will document whether the employee wants payment of annual leave, excess hours and compensatory hours at the time of LTD approval or when terminated from state government at the end of the year's medical leave. It will also document whether the employee wants to receive a payout for Converted Sick Leave or to retain the balance until retirement for the purchase of health/life insurance.

Pay out the requested balances at the employee's current rate of pay.

Complete the form "Documentation of Sick Leave and Converted Sick Leave" even if there are no balances remaining. The purpose of this form is to document any sick leave and converted sick leave hours the employee will have available upon retirement for the purchase of health/life insurance. It will also document the rate of pay the employee had at the time of LTD approval so that if a payment becomes necessary, the agency will know the rate at which to pay it out.

Once the form is completed and signed by the agency and the employee, send the original form to the Long-Term Disability office at PEHP where it will be kept in the employee's LTD file. Retain a copy in the agency employee file and give a copy to the employee.

If the employee elects to receive payment of converted sick leave hours when terminated from state employment, the form that the agency completed at the time of LTD approval will need to be updated with the new balance, even if the new balance is zero. Complete a new form and submit it to PEHP-LTD for the employee's LTD file.

## **Agency Procedures upon Retirement**

If the employee retires directly from LTD, request the "Documentation of Sick Leave and Converted Sick Leave" form from PEHP-LTD.

Use the Retirement Worksheet found on DHRM's web page to document any payout the retiree wishes to receive at retirement. Payouts will be calculated at the same rate as when the employee was approved for LTD. To process a payout, temporarily rehire the employee to put them on HRE, pay out the balances, and then terminate the employee again.

Using the Retirement Worksheet, calculate the months of health insurance the retiree may purchase with leave balances. The deduction of 480 hours sick leave applies when calculating that number. The instructions on completing the Retirement Worksheet are found on DHRM's web page.